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IN THE

Supreme Court of the United States

October Term, 1965 1966

No. [redacted] 42

SWITZERLAND CHEESE ASSOCIATION, INC.,
SCHWEIZERISCHE KAESEUNION A. G.,
Petitioners,

against

E. HORNE'S MARKET, INC.,
Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

BRIEF FOR THE RESPONDENT

HAROLD E. COLE,
Attorney for Respondent,
101 Tremont Street,
Boston, Mass. 02108.

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No. 831

SWITZERLAND CHEESE ASSOCIATION, INC.,
SCHWEIZERISCHE KAESEUNION A. G.,
Petitioners,

against

E. HORNE'S MARKET, INC.,
Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

BRIEF FOR THE RESPONDENT

Statement

The respondent, who has a small meat stall in Faneuil Hall, Boston, Mass., offered for sale some Swiss cheese, imported from Finland or Austria, that was designated by a small sign "Imported Swiss Cheese". That is all the case is about. It was Swiss cheese and it was imported. Petitioners originally made various unsupported charges such as trademark infringement (R. 10, parag. XXII), false designation of origin, and/or a false description or representation (R. 9, parag. XX) and sale of Swiss cheese

as imported which is not in fact the genuine cheese product but is inferior to the true Swiss cheese (R. 9, 10, parag. XXI).

Petitioners presented affidavits in support of their motion for summary judgment stating

> "That it has been the general practice of the trade to clearly designate all Swiss cheese which originates from Switzerland as being genuine or imported Swiss cheese;" (R. 30, last 3 lines).

Another of their affidavits stated:

> "A legend such as 'Genuine Swiss Cheese' or 'Imported Swiss Cheese' means Switzerland Swiss cheese to the trade and me" (R. 32, lines 6-8).

At the hearing on the motion for summary judgment there was a dispute of fact, and the court said:

> "The Court: It is already in the realm of facts isn't it?
>
> "Mr. Toren: Well, we feel it is a matter of law. We can prove all that we say. But for this we have to go to trial" (R. 47).

The petitioners now contend that the designation by respondent of its imported Swiss cheese as "Imported Swiss Cheese" without indicating the country of origin of the cheese, is deceptive and unfair as a matter of law (petitioners' brief p. 3), and that the trade designation "Imported Swiss Cheese" inherently and primarily means cheese imported from Switzerland (petitioners' brief, p. 3).

Certainly it would require testimony to even try to show that these three words in the English language "Imported Swiss Cheese" means only their Switzerland Swiss cheese. That is a question of fact, assuming they could ever obtain exclusive rights in the English language to these three words when applied to imported Swiss cheese.

Summary of Argument

The statute involved, sec. 1292 (a) (1), 28 U. S. Code, is directed to "Interlocutory orders"; but the order petitioners seek in their motion for summary judgment is a final decision on the merits, asking for a permanent injunction, damages and attorneys' fees. There would be nothing left of the case were it granted.

The difference between a preliminary injunction, which the statute provides for, and a permanent injunction is great. A preliminary injunction is granted, on what appears to be meritorious; but not on final facts established. And except in rare cases, only when the seeker files a bond that will reimburse the party enjoined should it have been wrongly granted. That is a great difference between the two injunctions and since preliminary injunctions have often been granted improvidently, as is well known, the stigma of being temporarily enjoined is not anywhere near so great as that due to a permanent injunction which is final.

The decisions of the court holding that an order denying a permanent injunction is not appealable predominate and are supported by a textbook writer who is an expert on Federal practice and recognized as such. Even the court that granted the appeal on such an order, in a later decision, lamented the fact that it had to follow the earlier decision that first granted the appeal.

In a practical sense, permitting an appeal from said order greatly delays disposal of a case, as is true in this instance. It gives the powerful litigant an opportunity to prolong and make much more expensive the defense, in fact, it may be the cause of a weak defendant having to lose a case in which he is in the right.

Since this Court has the power to finally dispose of a case on the merits, under the right circumstances, respondent points out that its use of the words "Imported Swiss cheese" is the only issue involved here, and since these three words are used truthfully it has every right to so describe its imported cheese. Petitioners are not entitled to restrict any one selling imported Swiss cheese from using these three words alone, and this Court could summarily decide so here.

ARGUMENT

The statute involved, of the Judicial Code, 28 U. S. C., sec. 1292 (a) (1) is directed to "Interlocutory orders of the district court of the United States". This motion for a summary judgment seeks a final decision of the case. If granted it would not be an "interlocutory order". The petitioners ask for a permanent injunction, awarding of damages and attorneys' fees (R. 24, 25). If the motion is allowed there is nothing further to litigate. The statute did not provide appeals from anything but interlocutory orders.

There is a substantial difference between a preliminary injunction and a permanent injunction, even though the party in each instance is enjoined from doing the same thing. The granting of a preliminary injunction practically always is accompanied by a provision that the party obtaining it shall file a bond to recompense the enjoined party should it prove to have been improvidently granted. No bond is required if a permanent injunction is granted. There is a great difference in the eyes of the public and the bar between an injunction which is temporary and may prove to have been mistakenly granted by a court and one which represents the final decision of the court. Circuit

Judge Frank failed to recognize the difference in the case of Federal Glass Company v. Loshin, *et al.*, opinion, 217 F. 2d 936.

In Moore's Manual, Federal Practice and Procedure, section 17.19 (2) page 1316, under the heading "Order Denying Summary Judgment, he states his belief that the decision in Peter Pan Fabrics, Inc., *et al.* v. Dixon Textile Corp., 280 F. 2d 802, 125 USPQ 39, was unsound, where the court held an order denying a summary judgment was appealable. Moore said:

> "because the motion for summary judgment is not an application for a preliminary injunction, the denial on the ground of a triable issue of fact means only that the case should go to trial, and it does not preclude the plaintiff from seeking a temporary injunction in accordance with established equitable principles."

Even the court in said Peter Pan case reluctantly took the position that the order denying a summary judgment was appealable.

Counsel for respondent agrees with everything in the opinion of the judges of the U. S. Court of Appeals, First Circuit (R. 54-56), and refers to that without repeating its contents.

There is a further and very practical reason against an appeal from an order denying a summary judgment and that is the lengthening of a case and the postponement of a final decision while the appeal is prosecuted. Had the appeal to the U. S. Court of Appeals, First Circuit, not been filed, this case would have been tried and disposed of long ago on the merits. Here we have a small business, having two employees, and it has to fight the case from the district court to the court of appeals on a summary judgment motion that would obtain the result petitioners seek without having to go to trial, have their witnesses cross

examined, or giving the respondent a chance to present testimony.

Permitting the appeal sought will give the rich and powerful plaintiffs increased opportunities to make litigation so expensive that the little fellow, such as this defendant, will often collapse and default because unable to meet the cost.

The Court has power to dispose of this case finally.

In the case of Patterson v. State of Alabama, 55 S. Ct. 575, 294 U. S. 600, this Court said:

> p. 607. "We have frequently held that in the exercise of our appellate jurisdiction we have power not only to correct error in the judgment under review but to make such disposition of the case as justice requires."

In Watts, Watts & Co., Limited v. Unione Austriaca Di Navigazione, 248 U. S. 9, 39 S. C. R. 1, this Court said:

> "This court, in the exercise of its appellate jurisdiction, has power not only to correct error in the judgment entered below, but to make such disposition of the case as justice may at this time require. Butler v. Eaton, 141 U. S. 240, 11 Sup. Ct. 985, 35 L. Ed. 713; Gulf, Colorado & Santa Fe Ry. Co. v. Dennis, 224 U. S. 503, 506, 32 Sup. Ct. 542, 56 L. Ed. 860."

This case presents a simple issue, namely, may a party use the English language to correctly describe his merchandise? Defendant-respondent had some Swiss cheese that was imported from a foreign country (not Switzerland) to sell. He described it by a small sign as "Imported Swiss Cheese". This was a true and correct statement. For doing this he has been sued. Yet all three words are dictionary words, including "Swiss Cheese", which is defined in The American College Dictionary, 1962 edition:

"Swiss cheese, a firm, pale-yellow or whitish cheese containing many holes, made usually from cows' milk half skimmed."

Petitioners do not claim that they have exclusive rights in the use of the word "Swiss" to designate their own cheese. Any grocery store, or restaurant, for instance, would fill an order for Swiss cheese or a Swiss cheese sandwich without any question. And most of this Swiss cheese is made in the United States. Very little comes from foreign countries; and that which does, comes mostly from Austria, Finland, Germany and Switzerland.

The U. S. Government defines "Swiss cheese" in order to pass upon imports of Swiss cheese. The Code of Federal Regulations, Title 21, chapter 1, reads as follows on pages 170, 171:

"sec. 19.542 Swiss cheese for manufacturing; identity: label statement of optional ingredients.

"Swiss cheese for manufacturing conforms to the definition and standard of identity prescribed for swiss cheese by sec. 19.540, except that the holes or eyes, have not developed throughout the entire cheese, and the provisions of paragraph (d) of that section do not apply; however, the labeling requirements of paragraph (e) (2) of that section do apply. (124 F. R. 6484, Aug. 12, 1959 as amended at 29 F. R. 15643, Nov. 21, 1964.)"

Sec. 19.540 referred to is headed:

p. 169. "sec. 19.540 Swiss cheese, emmentaler cheese; identify; label statement of optional ingredients."

The U. S. Government also treats the word "Swiss" as applied to cheese, as in the public domain. Why then, if the cheese is imported, cannot respondent lawfully call it "Imported Swiss cheese"?

Petitioners have endeavored, by affidavits and argument to contend that when the words "Imported Swiss cheese"

are used it means only Switzerland Swiss cheese. This is what their lawyers assert; but when one turns to an advertisement of the petitioners we find the opposite situation. In a widespread advertisement the plaintiff, The Switzerland Cheese Association, Inc., states:

> "Imported Swiss Cheese isn't good enough for you. Insist on genuine Switzerland Swiss Cheese" (R. 50, 51).

This advertisement first appeared in the New York Times October 6, 1964 issue, page 60. It also appeared in the Ladies Home Journal, October 1964 issue, opposite page 136p, which magazine was not available to respondent at the time the motion for summary judgment was argued.

This shows that petitioners' claim that the legend "Imported Swiss cheese" means that the cheese is Switzerland Swiss cheese, is unfounded.

Respondent has used the English language in a natural way to correctly state a fact. In view of that, it is unnecessary to have this case go back to the courts for further hearing or trial, hence respondent requests that the court from whence it came be instructed to dismiss the case and enter judgment for the respondent. Such an order might well include a direction that the court consider the prayer that attorneys' fees be allowed respondent.

Reply to petitioners' brief.

The position taken by petitioners in this case has varied from time to time. The complaint is lengthy but most indefinite as to stating what respondent did that is claimed to be wrongful. It pretended that Patent Office trademark registrations were involved (R. 10). They cover only designs, and when the name "Switzerland" is included in the trademark it is disclaimed (R. 12-18). Respondent has

never used "Switzerland" on or for his cheese and petitioners do not now so contend.

One can only gather by reading the motion for summary judgment and petitioners' brief that it claims that the words "Imported Swiss cheese" mean their Switzerland Swiss cheese and therefore the public is deceived (petitioners' brief pp. 20, 21, 22). But even if the court were to consider giving petitioners exclusive rights to call their product only "Imported Swiss cheese", or in the alternative to deprive the public and respondent of the use of said three words, it would be necessary to establish by overwhelming evidence that these three words mean petitioners' cheese exclusively. See Supreme Wine Co., Inc. v. American Distilling Co., 135 U. S. Patents Quarterly 481, 310 F. 2d 888. It is not merely a question of law as petitioners contend; but one of fact.

The claim that petitioners are entitled to prevail under the International Convention and the Lanham Act (petitioners' brief pp. 21, 24-26) has no relevance unless they prove that respondent's use of "Imported Swiss cheese" is unfair competition. Neither the International Convention treaty nor the Lanham Act grants any further rights than those obtainable under our unfair competition laws. If there is to be a law that whoever uses the word "Imported", in describing his merchandise, must also state the country of origin, that is for Congress to enact. It is a common practice for stores and others that sell imported merchandise to describe it merely as "Imported".

Conclusion

The decision of the U. S. Court of Appeals, First Circuit, should be affirmed.

Since the issue involves only the right of a person to use the English language in a normal and understanding way the case should be ordered dismissed on the merits with costs and attorneys' fees.

Respectfully submitted,

HAROLD E. COLE,
Attorney for Respondent,
101 Tremont Street,
Boston, Mass. 02108,
Tel. 542-9695 (Area Code 617).